

**No. 6379**

---

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
ARGENTINA**

**Loan Agreement—Road Project (with annexed Loan Regulations No. 3). Signed at Washington, on 30 June 1961**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
28 November 1962.*

---

**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
ARGENTINE**

**Contrat d'emprunt — *Projet routier* (avec, en annexe, le  
Règlement n° 3 sur les emprunts). Signé à Washington,  
le 30 juin 1961**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le  
28 novembre 1962.*

No. 6379. LOAN AGREEMENT<sup>1</sup> (*ROAD PROJECT*) BETWEEN THE ARGENTINE REPUBLIC AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 30 JUNE 1961

---

AGREEMENT, dated June 30, 1961, between the ARGENTINE REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

*Article I*

LOAN REGULATIONS ; SPECIAL DEFINITION

*Section 1.01.* The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,<sup>2</sup> subject, however, to the modifications thereof set forth in Section 2.03 (*b*) of this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the term "Vialidad" shall mean "Dirección Nacional de Vialidad", a public legal entity of the Borrower, organized and existing under Decree-Law No. 505 of January 16, 1958, and shall include any successor to Vialidad.

*Article II*

THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to forty-eight million five hundred thousand dollars (\$48,500,000).

*Section 2.02.* The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

---

<sup>1</sup> Came into force on 16 January 1962, upon notification by the Bank to the Government of Argentina.

<sup>2</sup> See p. 102 of this volume.

*Section 2.03.* (a) Except as the Borrower and the Bank shall otherwise agree :

- (i) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account : (a) the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out part A of the Project, such percentage to represent the foreign exchange component of such cost ; (b) such amounts as shall have been otherwise expended (other than for local currency expenditures) for the reasonable cost of goods required for carrying out the Project and not included in the foregoing ; and (c) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.
- (ii) Withdrawals from the Loan Account shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.
- (iii) Notwithstanding the foregoing provisions of this Section no withdrawals shall be made on account of (a) expenditures made prior to January 1, 1961 ; or (b) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

(b) Section 4.01, and the second sentence of Section 3.02, of the Loan Regulations are deleted.

*Section 2.04.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

*Section 2.05.* The Borrower shall pay interest at the rate of five and three-fourths per cent ( $5\frac{3}{4}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.06.* Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

*Section 2.08.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Agreement.

<sup>1</sup> See p. 100 of this volume.

*Article III*

## USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2<sup>1</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower, acting through Vialidad, and the Bank, subject to modification by further agreement between them.

*Section 3.02.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used by Vialidad in the territories of the Borrower exclusively in the carrying out of the Project.

*Article IV*

## BONDS

*Section 4.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 4.02.* The \_\_\_\_\_ of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.<sup>2</sup>

*Article V*

## PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out of part A of the Project, employ or cause to be employed engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

<sup>1</sup> See p. 100 of this volume.

<sup>2</sup> According to the information provided by the International Bank for Reconstruction and Development, at the time of signing of the Agreement no authorized representative had been appointed for the purposes mentioned in this section, since under Argentine law a governmental decree was necessary for the appointment and such decree had not then been adopted. Subsequently, by Decree no. 6673, published in the Argentine *Boletín Oficial* of 11 August 1961, the Minister of Economics was named.

(c) Except as the Bank shall otherwise agree, the roads included in the Project shall be constructed : (i) by contractors satisfactory to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank ; and (ii) in accordance with general design standards satisfactory to the Borrower and the Bank.

(d) The types of surfacing (including pavement) to be used for the roads included in the Project shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(e) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(f) The Borrower shall at all times make available promptly as needed all sums which shall be required for the carrying out of the Project.

(g) The list of roads to be included in the Project shall be determined from time to time by agreement between the Borrower (acting through Vialidad) and the Bank, subject to modification by further agreement between them.

(h) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, and to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of Vialidad ; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents ; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, and the goods, and the financial condition and operations of Vialidad.

*Section 5.02.* (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

*Section 5.03.* It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions to secure a debt maturing not more than one year after the date on which it is originally incurred.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any agency of the Borrower, including assets of the Banco Central de la República Argentina.

The Borrower further undertakes that, within the limits of its constitutional powers, it will make the foregoing undertaking effective with respect to liens on the assets of any of its political subdivisions and their agencies, including local governing authorities.

*Section 5.04.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 5.05.* The Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.06.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

*Section 5.07.* The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Section 5.08. (a)* The Borrower shall cause all the roads included in the Project, to be adequately maintained and shall cause all necessary repairs thereof to be made, all in accordance with sound engineering practices.

*(b)* The Borrower shall cause all maintenance equipment, spare parts and materials financed out of the proceeds of the Loan to be used exclusively in the road maintenance operations of Vialidad.

*(c)* The Borrower shall cause Vialidad adequately to maintain and repair all of the highway maintenance machinery and equipment of Vialidad.

#### *Article VI*

##### REMEDIES OF THE BANK

*Section 6.01. (i)* If any event specified in paragraph *(a)* or paragraph *(b)* of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or *(ii)* if any event specified in paragraph *(c)* of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

#### *Article VII*

##### EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 *(b)* of the Loan Regulations :

*(a)* The *Tribunal de Cuentas* of the Borrower shall have examined this Agreement in accordance with the laws of the Borrower and shall have issued its opinion thereon without formulating any objection thereto ; and

(b) Any action necessary to enable the Borrower to retain the engineering consultants required by Section 5.01 (b) of this Agreement shall have been taken and such consultants shall have been retained.

*Section 7.02.* A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

*Article VIII*

MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 15, 1965.

*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Dirección Nacional de Vialidad  
Buenos Aires  
República Argentina

Alternative cable address :

Vialidad Nacional  
Buenos Aires

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington 25, D. C.  
United States of America

Alternative cable address :

Intbafrad  
Washington, D. C.

*Section 8.03.* Vialidad is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Argentine Republic :  
By Emilio DONATO DEL CARRIL  
Authorized Representative

International Bank for Reconstruction and Development :  
By W. A. B. ILIFF  
Vice President



## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
July 15, 1965 . . . . .	\$1,352,000	Jan. 15, 1972 . . . . .	\$1,955,000
Jan. 15, 1966 . . . . .	1,391,000	July 15, 1972 . . . . .	2,011,000
July 15, 1966 . . . . .	1,431,000	Jan. 15, 1973 . . . . .	2,069,000
Jan. 15, 1967 . . . . .	1,472,000	July 15, 1973 . . . . .	2,128,000
July 15, 1967 . . . . .	1,515,000	Jan. 15, 1974 . . . . .	2,189,000
Jan. 15, 1968 . . . . .	1,558,000	July 15, 1974 . . . . .	2,252,000
July 15, 1968 . . . . .	1,603,000	Jan. 15, 1975 . . . . .	2,317,000
Jan. 15, 1969 . . . . .	1,649,000	July 15, 1975 . . . . .	2,384,000
July 15, 1969 . . . . .	1,697,000	Jan. 15, 1976 . . . . .	2,452,000
Jan. 15, 1970 . . . . .	1,745,000	July 15, 1976 . . . . .	2,523,000
July 15, 1970 . . . . .	1,795,000	Jan. 15, 1977 . . . . .	2,595,000
Jan. 15, 1971 . . . . .	1,847,000	July 15, 1977 . . . . .	2,670,000
July 15, 1971 . . . . .	1,900,000		

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity . . . . .	½ of 1 %
More than three years but not more than six years before maturity . . . . .	2 %
More than six years but not more than eleven years before maturity . . . . .	3 ½ %
More than eleven years but not more than fourteen years before maturity . . . . .	4 ¾ %
More than fourteen years before maturity . . . . .	5 ¾ %

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

The Project consists of :

- A. the construction and reconstruction of about 2600 kilometers of road sections, all such road sections being part of the National Highway System of the Borrower ;  
and

- B. the acquisition and utilization in the road maintenance operations of Vialidad of road maintenance equipment and spare parts therefor, weighing equipment for axle loads, machines and machine tools for maintenance shops, material for traffic signs, and instruments for highway research.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268.*]